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STATE FUND MONTANA

MONTANA GUARDIAN

"Serving Montana Employers and Employees"

DECEMBER 1990 Volume 01 Number 04

JAN 23 1991

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PAYROLL TAX CHANGES

The 1990 Special Session of the Legislature made several changes to the payroll tax law. The most major change was extension of the tax. Original enabling legislation "sunsetted" the tax on June 30, 1991, but the Special Session removed the termination date. Presumably, the tax will be effective until the unfunded liability is retired.

Beginning with the present fiscal year, the tax rate was reduced from 0.3% to 0.28% and the due date was extended from one month following the end of the quarter to the 20th of the following month. For example, the tax for the first quarter was previously due on October 31st, under the new law it is due November 20th.

Administration & Finance Department staff were happy the Legislature transferred responsibility for collection of the tax to the Department of Revenue effective July 1, 1991. Revenue will incorporate collection of the payroll tax on a form with other taxes they already collect.

Special Session payroll tax legislation specified the Revenue Department must assume responsibility for accounts no more than 720 days old. Therefore, we must resolve any accounts older than that on July 1, 1991. We will refund credit balances and either attempt to collect or write off any other accounts over 720 days old. Accounts with known outstanding amounts will be transferred to the State Auditor for collection.

The recent annual mailing of payroll tax forms and instructions proved to be disasterous. Not only were the forms incorrectly constructed, but the tax rate and instructions contained errors. An immediate notice was sent to all taxpayers. The booklets will be reprinted and mailed to taxpayers in December or January.

Because of the inaccurate reporting forms, we are receiving many overpayments of the tax for the first quarter. If you receive an inquiry from a taxpayer regarding their overpayment, tell them we will refund the overpayment, apply it to a future quarter, or apply it to a premium billing, depending on their instructions.

The State Fund will collect the tax for the quarter ending June 30, 1991, and resolution of accounts older than 720 days will continue well into next fiscal year.

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HAPPY HOLIDAYS AND BEST WISHES IN 1991!

STATE FUND CHRISTMAS PARTY THIS SATURDAY

The first annual State Fund Christmas Party will be held on Saturday, December 8, 1990, from 6:00 pm to midnight. We will have a buffet dinner at 7:00 and dancing will begin at 8:00. The attire will be semi-formal. We will meet in the facilities above Rose's Cantina.

Hrella Catering will provide the dinner. A fine sounding menu is planned. Music will be by Rod Stern who provides excellent selections from a wide variety of eras.

Tickets are $7.00 per individual or $14.00 per couple and are available from either Crystal Murphy or Harold Gilbertson.

Message from the President . . . .

Patrick J. Sweeney

Customer Service

Numerous complaints have been received recently. The majority fall into two broad categories:

1) people not being available to answer phones or visits causing the need for customers to place several calls, and

2) "someone was supposed to call me back yesterday, I waited all day and nobody called."

Yes, there are times when information must be gathered in order to answer an inquiry. **Let's try not to make commitments we can't keep.** It is far better to explain such things to people **up front** than to let them hang.

In a broad sense, customer service is the one reason for which our agency and all of our jobs exist. Most of the services for which we are responsible are mandated by Montana Law. These include providing the best services possible concerning workers' compensation insurance to **all** of our policyholders and injured workers required under legislation and court decisions.

In addition, customer service means being ready, willing and able to accurately respond to inquires and concerns of the customer. Under this heading a myriad of items must appear. Such things as courtesy, promptness, accuracy, understanding and compassion, to name but a few.

We are all well aware of how we feel and react in similar circumstances. We need to treat people in ways similar to those we ourselves expect to be treated. We can all improve our behavior along these lines.

Customer service of the highest quality is the key to our future.

NEXT NEWSLETTER DEADLINE

Our next employee newsletter will be available on February 1st. Due to holidays and vacations, the deadline for articles is January 11th. Articles are to be given to Harold Gilbertson.

LETTERS TO THE EDITOR

THANKS

I would like to express my sincere appreciation to everyone at the State Fund for their concern and support during my family's recent loss. I feel very fortunate to be a part of such a fine organization.

A special thanks for the cards, plants and window plaque.

Your consideration meant more to me than you will ever know. Thanks again for being such great friends.

Sincerely,
Christy L. Weikart
Policy Services Director

STATE FUND MONTANA

MONTANA GUARDIAN

The State Fund "Montana Guardian" is an official employee newsletter published by the State Compensation Mutual Insurance Fund for the purpose to educate and keep State Fund employees informed on the workers' compensation industry, especially the new State Fund.

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Letters to the Editor of the Montana Guardian will be accepted from current State Fund employees. Letters to the Editor are to be submitted to Harold Gilbertson by the article deadline date and must include the employee's name, section and department name, and office phone number. Letters without the author's name, section and department name and office phone number will not be published. Letters deemed inappropriate to the goals and objectives of the Montana Guardian or State Fund will be returned to the author with an explanation why it was rejected. Due to space constraints, some letters may appear in a later issue. Letters to the Editor do *NOT* reflect the policy or official positions of either the Board of Directors or the management of State Fund.

WANG WP TRAINING

Do you know your WANG WP? Do you need to know more about headers, footers, formating, attributes, document merging, glossary or spell checking? Have you used WANG WP for years and still don't know how to take advantage of those special features? Maybe you don't even know WP and need to know how to use it to improve your job performance?

If any of these questions apply to you, there might be a remedy!

Software Support Analyst Tor Gudmundsen is taking sign-ups for WANG Word Processing classes. Please have your supervisor contact Tor (7745) on or before December 11th.

Classes are scheduled for Tuesday December 18th and Thursday December 20th. Classes will last from 8:30 AM to 3:30 PM.

When signing up, please indicate day of preference and your level of experience with use of WANG WP or other software.

In our migration toward a PC based computing environment, we will be putting on classes in the use of PC based word processing (WordPerfect), and spreadsheet (EXCEL) along with classes in the use of Windows.

Initially these classes will be offered to users who connect to our Local Area Network (LAN). Hopefully these classes will be scheduled during the month of January. Your Software Support Analyst will keep you posted.

SEARCH FOR BETTER WAYS

As a result of recent action by the Board of Directors, the State Fund has retained a nationally known consulting firm, Price Waterhouse, Inc., to perform a full operational review of our organization. Representatives of that firm have been in the building conducting initial phases of their research over the past couple of weeks.

The major purpose of this review and ensuing recommendations is to improve internal operations in all areas by providing efficient and effective services to employers and injured employees. Price Waterhouse will review each portion of our operation from an outsider's, objective point of view and make suggestions as to how our operations can be improved. General areas designated for close scrutiny are:

Claims Management
Insurance Accounting and Reporting
Executive Information
Long Range Strategy
Information Technology Effectiveness, and
Human Resources Compensation and Development

Operational reviews of this type are carried out by most business organizations to allow them to maintain a competitive edge in the market place. Consultants will "step back and review existing functions, assess current operating methods and develop new ideas for improving resource and information management."

Price Waterhouse, with its superbly trained staff, many years of experience and national reputation is most qualified to perform all necessary functions and come up with meaningful recommendations. An initial report will be in the hands of the Board by late December or early January.

PERSONNEL ACTIONS
FROM SEPTEMBER 15, 1990 TO NOVEMBER 9, 1990

NEW

Administration & Finance Department

Mitzie Darlow	Microfilm Clerk I
Wanda Person	Accounts Payable Tech.

Benefits Department

Joy Gilpin	Word Processing Operator II

Executive Office/Management Information

Dulcie Jensen	Program Analyst III
June Dosier	Program Analyst Trainee
Judeykay Schofield	Program Analyst Trainee

Underwriting Department

Ellen Black	Audit Director
Mike Knechl	Field Representative II
Barry Reed	Field Representative II
Jim Nell	Field Representative II
Fred Nelson	Field Representative II
Lee Hietala	Field Representative II
Dale Buechler	Field Representative II
Lulu Mitton	Compliance Spec. I
Scott Rasor	Loss Control Consultant
Frank Hayes	Loss Control Consultant

PROMOTIONS

Leona Carribou	Benefits	Receptionist II

LEFT

Brenda Lillie	Grant Ellison
Joyce Holgren	Maynard Todd
Tom Barthelmeh	Missy Michaelson
Kathy Peters	

STATE FUND MPEA CHAPTER GETS UNDERWAY

The new State Fund MPEA Chapter held its first quarterly meeting for all members on Thursday, October 11th. A number of topics arose for discussion. Among topics of concern was a recent mailing to Chapter members and a corresponding lawsuit brought against MPEA by "MPEA Committee for Democracy."

Crystal Murphy made a presentation in an attempt to clear up considerable confusion and concerns resulting from this mailing and the lawsuit. It was learned, the "Committee for Democracy" is not an MPEA group, but one sponsored by the Montana Federation of Teachers (MFT). The lawsuit was filed to stop MPEA from looking into affiliation with international unions.

Results of the lawsuit include: 1) MPEA's error was in not providing sufficient notice concerning bylaw and constitution changes and 2) all other charges were determined to be without grounds. Other charges included: non-representation, recessing rather than adjourning a meeting and union officers had "overstepped" their bounds. MPEA was informed it cannot seek other affiliations as their constitution and bylaws now stand. Members were assured they will get notification and an opportunity to vote on the affiliation issue as well as any other proposed changes.

Nominations for vice-president were received as Kathy has become Chapter president. Nominees were Crystal Murphy, Nancy Loudermilk and Pietr Zwolle. Crystal was elected the Chapter vice-president.

Various committees have been formed and begun work in their assigned areas. The Membership Committee is working to make sure all eligible new hires are provided with copies of the union contract and chapter bylaws and given the opportunity to join.

The Training Committee met recently with Debbie Svaldi to develop meaningful training programs designed to meet the needs of employees in both current positions and for potential promotion. We need your suggestions as to types of training needed and desired.

Negotiating Committee members met with the MPEA attorney to provide input and discuss upcoming contract negotiations. Surveys will be sent to State Fund Chapter members to determine priorities and areas of concern to include in the talks. Please return these surveys to a Chapter Officer as soon as you can.

This committee will monitor all state wide MPEA contract efforts on the state pay plan to be prepared in the event the State Fund is placed back under the State pay plan. Plans will also be made to proceed accordingly if the Fund remains separate. Meetings will be held in the near future to provide information and discuss options. Pietr Zwolle recently provided testimony to a Governor's Committee supporting 100% of market value for state employees salaries.

The Executive Committee will meet soon to develop the agenda and discussion topics for the January 10th, 1991 general meeting of the Chapter. All Chapter members are reminded Executive Committee members are available to answer questions you may have concerning MPEA and Chapter happenings and progress on contract negotiations.

Kathy said most committees are in place and progressing well, but, there are still openings for interested people. Contact either Kathy or Sharon Williams for further information on committee membership.

"One of the things I learned the hard way was that it does not pay to get discouraged. Keeping busy and making optimism a way of life can restore your faith in yourself."

Lucille Ball

DATABASE DITTIES

Not so long ago we were trying to understand a payment which had gone to the wrong payee. Being the curious person I am, I wondered, "What was this payment for anyway?" To discover the answer, I promptly logged onto the Database and chose PF 15, Medical Inquiry.

Once there, I tabbed down to the "PROCEDURE" field. I entered the procedure code, pressed PF 7, and poof instant info. I found: 1) the name of the procedure, 2) the category - indicates the type of payees who can receive payment, and most importantly, 3) the maximum price we will pay for the procedure. Imagine my surprise when a few days later I saw that same procedure code on a bill I received from my own doctor. I actually knew what it was for!

While we don't have a "fee schedule price" on every procedure, the prices we do have are right there along with all kinds of other fascinating information. So if you are curious about a particular procedure, or want to know if it is fee scheduled, just look up Procedure Inquiry. Instant procedure info - another Database Ditty.

HOW A BILL BECOMES LAW

With the 1991 Legislative Session just a month away, this is an excellent opportunity to explain how a bill is passed by the Legislature. Please note that "house" with a small h is generic, referring either to the House of Representatives or the Senate. "House" with a capital H specifically means the House of Representatives. One other note. While it may seem trivial what color paper the bill is printed on, it's actually very critical in order to keep track of the evolution of the bill in terms of where and when changes occurred.

Step 1. The bill is filed for introduction with the Clerk of the House or Secretary of the Senate, depending on which house the bill is first introduced.

Step 2. First reading. The bill's title is posted and ordered printed on white paper.

Step 3. The bill is referred to the proper committee by the House Speaker or Senate President.

Step 4. The committee holds a public hearing on the bill, then discusses it. It may vote to amend the bill. It may also vote to table the bill, which drops the bill from further consideration unless a motion is passed to take the bill off the table.

Step 5. The committee reports its recommendation to the house membership that the bill "do pass", "do pass, as amended", or "do not pass". "Do pass" or "do pass, as amended" reports are printed on yellow paper, incorporating any amendments, and placed on the calendar for second reading. Bills with "do not pass" reports are not placed on the second reading calendar unless a motion is made to that effect and passed. If a "do not pass" report is adopted, the bill is dropped from further consideration.

Step 6. Second reading. The entire body debates the bill as the "Committee of the Whole". Amendments may be offered and voted on. A bill defeated here is dropped from further consideration. A bill approved by the "Committee of the Whole" is printed on blue paper, incorporating all amendments, and placed on the calendar for third reading.

Step 7. Third reading. The bill is subjected to a simple "yes" or "no" vote by the entire body. No amendments may be considered at this point. A bill defeated here is either dropped from further consideration or returned to committee for further study.

Step 8. The bill is transmitted to the second house. The procedure through the second house follows steps 1 through 7 with the following exceptions:

(1) the first reading in the second house begins with the blue copy of the bill, as passed on third reading by the first house;

(2) the committee report (step 5 above) in the second house uses the phrases "be concurred in", "be concurred in, as amended", or "be not concurred in". This is because they are determining whether they agree with the bill as it was passed by the first house;

(3) the second reading copy of the bill is not printed on yellow paper in the second house. It is printed on green paper if the second house is the House of Representatives, or pink paper if the second house is the Senate; and

(4) the third reading copy of the bill in the second house is printed on buff colored paper to include all amendments in the second house.

Step 9. If the bill passes third reading in the second house, it is returned to the first house for acceptance. If the bill fails on third reading in the second house, it may be dropped from further consideration or referred back to committee. If the bill passed by both houses is identical, or if the bill passed by the second house is different from the bill passed by the first house but the first house accepts the changes, it is then enrolled and sent to the Governor. The bill will become law if the Governor signs the bill, or if the Governor fails to sign the bill within five (5) days if the Legislature is in session or twenty-five (25) days if the Legislature has adjourned. If the Governor vetoes the bill, it is returned to the house in which it originated. However, the bill may still become law if two-thirds of the membership of each house override the Governor's veto.

Step 10. If the bill passed by the second house is different from the bill passed by the first house, and the first house rejects the changes, then a conference committee comprised of members from both the House and Senate is appointed. The committee attempts to iron out the differences between the two houses. If the committee reaches an agreement, then a report of the conference committee is sent to both houses. If both houses accept the compromise, the bill is enrolled and sent to the Governor, as in step 9. If the conference committee fails to agree on a compromise, then the bill may receive no further consideration.

NEW MINIMUM PREMIUM

During its last meeting, the State Fund Board of Directors established a revised "Minimum Premium" amount for all policyholders. The new amount which took effect October 17, 1990, was set at $116.00. This is up from the previous level of $80.00.

Minimum Premium is the amount collected from every State Fund policyholder regardless of the number of employees covered or amount of payroll. This $116 amount is necessary to cover a variety of costs associated with establishment and maintenance of a policy. Such costs are incurred through the Underwriting Department and direct and indirect support provided by the Legal Department, Administration and Finance Department and the President's Office.

TRADE SHOW PARTICIPATION

Underwriting Vice-President John King, Marketing Director Bud Robbins and Loss Prevention Consultant Denis Kronfuss set up a display booth at the Montana Hospital Association 5th Annual Convention and Trade Show held in Billings September 23rd through 25th.

The purpose of the booth and hopefully others in the future is to increase the visibility and competitive posture of the State Fund in the workers' compensation insurance field. Presentations and information materials included handouts, brochures and posters concerning rate comparisons and Safety/Loss Control issues.

A computerized video show was developed by Pietr Zwolle, along with other materials which were well received by convention participants. Harold Gilbertson and Pietr designed the booth. It is hoped participation in such events sponsored by other associations will increase our marketability and improve the public image of the State Fund.

NEW COMPUTER SYSTEM

The State Fund is in the process of installing a new computer system called a PC Local Area Network (LAN). Initially, the LAN will consist of approximately 35 PC's being able to share files, printers and other devices as well as communicate with the IBM mainframe in the Mitchell Building. Eight of the 35 PC's on the network are PC's currently in use by the State Fund but are used as 'stand-alone' workstations. The remaining PC's are on order and we hope to have the entire network up and running by the end of the year.

The network will serve the needs of users who need the ability to run PC based applications. The new system will have new software including ***WordPerfect*** and/or Microsoft ***Word***, Lotus ***1-2-3***, Microsoft ***Windows*** and Microsoft ***Excel***.

Windows is a 'shell' (similar in function to Wang logon procs) that allows users to 'point and click' (using a mouse) to the application(s) they wish to run. ***Windows*** allows users to run more than one application at once as well as transfer information across applications. For example, it allows a user to copy a block of text from a word processing document and incorporate ('paste') it into a spreadsheet or vice-versa.

This move to a PC LAN represents the first step in a major change in State Fund's computing environment and will provide for less expensive expansion while affording more powerful computing power and flexibility. If you have any questions on this new system, feel free to stop by and ask either Dave Swenson or Tor Gudmundsen.

See the article on WANG WP TRAINING concerning available training on page 3.

RETROSPECTIVE RATING TRAINING

Recently members of the Underwriting Department received some in-depth training on Retrospective Rating. Retrospective Rating is part of an overall program designed to increase our competitive status in the market place and to retain as many current policyholders as possible.

Over the last few months, considerable time and effort has been put forth by Department staff in the development and soon-to-be-implemented State Fund Retrospective Rating Plan. As part of this effort, as is true of all new products and activities, a consultant was brought in to bring the staff up-to-date on happenings in this area.

Larry Weir of the Colorado Compensation Insurance Authority conducted a workshop on September 20th. Mr. Weir proved to be most enlightened and effective in providing information and training regarding such a program. His was a very thorough, detailed presentation. Our thanks to Mr. Weir and to the Colorado State Fund.

FIELD TRAINING HELD

October 16th through 19th was set aside as a training week for field auditors, field claims examiners and loss prevention consultants. Representatives from the Montana Logging, Montana Motor Carriers and Montana Food Distributor associations also attended selected programs related to the safety program contracts they have with the State Fund.

General sessions covered such topics as the history of workers' compensation laws and court decisions, MPEA union contract and personnel policies. Individual sessions were held by the divisions and associations to discuss individual interests and programs.

A special training day was combined with the State Fund divisions and the Audit Bureau of the Unemployment Insurance Division. The Federal Internal Revenue Service presented a program on stress in the field and demonstrated self-defense methods.

The conference was critiqued on the last day and all attendees suggested a repeat program at least once a year. The most common comment was that this was the first time many of them had met other State Fund employees who up to now are just names or voices heard over the phone. Suggestions were also given for topics at future programs.

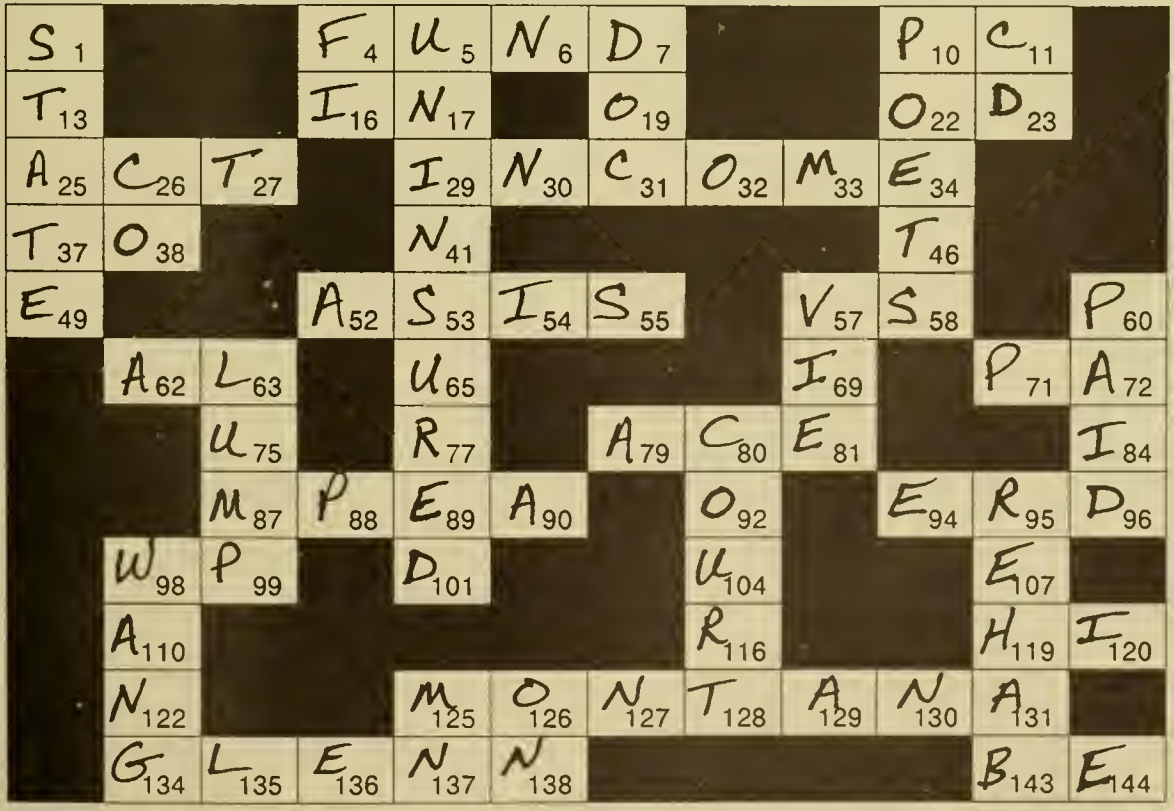
NEW AUDIT DIVISION

State Fund gained an Audit Division as of October 1st to complement the Underwriting Department and has begun the process of providing its own audit functions and procedures. The Division currently has six Field Representatives, one Compliance Specialist and one Director, most of whom transferred from the Department of Labor and Industry's Audit Bureau. Plans are in the works to hire two additional Field Representatives and two Audit Technicians to perform audit reviews.

The Division will work closely with the Underwriting Department by performing comprehensive on-site audits and desk reviews of the thousands of policyholders we insure. The Division certainly has its work cut out for them.

The Field Representatives are often the only personal contact an employer has with the State Fund, so they also carry the burden of providing professional service under difficult conditions. Nobody likes to be audited. So next time you have an opportunity to talk with one of the Field Representatives be sure to let them know you support them.

CROSSWORD SOLUTION



NEW OUTLOOK FOR VOCATIONAL REHABILITATION SERVICES

In the near future, changes and refinements will be implemented in the vocational rehabilitation services provided for the State Fund. Since anyone who qualifies as a disabled worker under the law must be referred for vocational rehabilitation, the use of private vocational rehabilitation vendors is a necessity. The major focus of such services is to return the injured person to work within an optimal period of time. The law states:

"The goal of rehabilitation services is to return a disabled worker to work with a minimum of retraining as soon as possible after an injury occurs". As outlined by law, the first appropriate options must be chosen from the following:

(a) "return to the same position;
(b) return to a modified position;
(c) return to a related occupation suited to the claimant's education and marketable skills;
(d) on-the-job training;
(e) short-term retraining program (less than 24 months);
(f) long-term retraining program (48 months maximum); or
(g) Self-employment."

Designated rehabilitation providers evaluate and determine the return to work capabilities of the disabled worker as stated in the law. These vendors meet standardized criteria, as outlined by law, qualify to provide services. The State Fund is negotiating with seven (7) private companies to determine providers. The State Fund refers about 115 claimants per month to vendors for rehabilitation services. With this many clients receiving vocational rehabilitation services, it is critical that the activities of the providers are closely monitored to assure quality control and cost effectiveness.

In an effort to improve services and lower costs, the delivery and procedure program of rehabilitation have been revised. Concerns, comments and criticism from claims examiners have been solicited and taken into consideration to formulate the new program. Special note should go to Charlotte Payne, Claims Supervisor, and Carol Morris, Claims Examiner, for their active involvement and intelligent contributions. The new services will allow more control and authority to be placed with the claims examiner and they will be much more actively involved with the rehabilitation management of their claims.

Services will be geared towards return to work with the employer at injury in a more aggressive manner. Early return to work and transitional employment in alternate jobs authorized by the attending physician within the physical capabilities of the injured worker while he is healing, will be focused upon and pursued whenever possible. The new program will allow the rehabilitation provider to pursue vocational activities geared towards return to work and still address the intent of the law requiring the hierarchy of priority levels. Actual return to work will be stressed aggressively and the time of injury employer will be encouraged to participate in this process. This new program will include both employer and claimant education, awareness and involvement to meet program goals, modified jobs or alternate jobs. Placement and return to work efforts will be the primary focus since timeliness in addressing the rehabilitation process is important and even crucial to effective rehabilitation cost effectiveness.

Traditional vocational rehabilitation services will be implemented if early return to work is not possible, and the priority levels of the law will be addressed. Employability assessments will be offered by the provider to document vocational options and job alternatives appropriate for the disabled worker. The claimant shall be an active participant in all aspects of the process and development of a realistic approach and goal for return to work.

Training sessions will be provided for the claims examiners to review the new rehabilitation services and describe the guidelines, standards and expectations. This will assist them in the management of their rehabilitation cases.

The Field Investigation and Loss Prevention divisions will also receive training regarding the vocational rehabilitation process and, in particular, return to work with the employer at injury, early return to work and transitional employment. This will assist them in dealing with employers and claimants while setting the ground work for the rehab process to begin. The new program is a positive and pro-active approach which will allow the rehabilitation goals and options outlined in the law to be addressed in a timely yet cost effective manner; and still provide quality rehabilitation to assist the disabled worker in his vocational adjustment.

FORMS REVISED

State Fund now has its own version of the "Employer's First Report" (SF-MIS PF 937) as well as many medical billing forms. The State Fund versions use the State Fund logo, address and phone numbers and are designed for State Fund claims. Please make sure you are sending these forms out.